G. R. S. IX—5]

Previous references 19223 - 24 (G. F.) File No. [redacted] 23

Serial Nos. 1 & 2

Later references
G. F. 39-23-Gen.
47.39-25-S

GENERAL AND REVENUE SECRETARIAT.

p. 791 E

Serial Nos. 2.

Part B for July 24

SUBJECT

Report of work done by Mr. E. V. Gramapr
Iyer during his deputation at Ma

Ry) H 309-10 & 17.7.24 to the Comptroll
Rey Auditor, Madras his report.

G R S. III-2]

General and Revenue Secretariat.

G.C. File No. 228 of 19 23

Serial No. 1

No 621/Rpt dy 12.6.24 from the Comptr forwards Mr. E.V. Ramapathi Iyer's report of the work done by him during his deputation to Madras.

Submitted for favour of orders. The Comptroller's proposals in regard to the introduction of Concurrent Audit of Loco & Stores account has been received and is being dealt with separately. It will be submitted with Copies of the Workshops Accounts Committee's report and Mr Heaetrine's note thereon which have been called for from the Comptroller. After this report of Mr Ramapathi Aiyer is read and any orders required to be communicated thereon are issued, the points contained in the Report regarding Loco accounts may be considered along with the Comptroller's proposals

(H. Srey) 28/6 Srey

Please put up draft according Comptroller's and stating that Govt have read Mr G's report with interest. Srey 29.6.24

Draft Sd/- accordingly

(H. Srey) Srey 1.7.24

Dewan) for information

Note—Contn. sheet.

DEWAN'S OFFICE
RECD. ON 2 - JUL 1924
Reg. No. 29

Where is the report of Concurrent Audit of Loco & Stores accounts? 3076

G. R. S. III-2)

General and Revenue Secretariat.

G. O. File No. 228 of 19 23-24

Serial No.

1. In what stage is the case re Concurrent audit? Mrs 10.7.24

The papers re Concurrent Audit have been submitted yesterday, with specific reference Accountant General's report. Needless to say necessary steps in progress.

Shall the proposal approved circulated now? 10/7/24 ~~Incumbent~~ 17.7.24

2. do Re 309-10 dt 17.7.24 to the Comptr, Auditor General's report called by Hon. Ramaswami

—Contn. sheet.

G.R..S VI G 34]

Issue of Research at Pusa

3

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

, *the* 192

Date of issue....17.7.24.....

Signed by.....M.M.A.Rayachar.....

ay this be

i Printed ?

ii treated as a standing order ?

iii published in the Gazette, English Part ?

v translated ?

v placed at the disposal of the press ?

vi published in the Gazette, Kannada Part ?

Section

File No.

Serial No. 2

Proceedings of the Government of His Highness the Maharaja of Mysore.

Read— G.O No Re 2905/G.F
& 23 29.11.23, Sanctio
ti deputation of Mr. E.V.
Ganapathi Iyer, Asst. Co
attached to the Rly Branch
to the Chief Auditor of
Madras for ~~the purpose o~~
studying the system of Ac
& accounts of the workshop
for a period of 6 weeks.

~~Order Thereon~~ No.
Letter No 621/Ry
& 12.6.24 from the Comptr
forwarding the report
submitted by Mr. Ganapathi
Iyer on the work done by hi
during his deputation at
Madras.

P.T.O.

Ser. H 309-10

Recorded.
Crown have read Mr. Gilmartin's
this report with interest.

mas 1/7/24 H Secy. Newl 2/7/24

The Comptr,
Auditor, Mys. Rys.

SK 3/7/24.

List of enclosures.

Copied by

Examined by

WD 1883—GPB—1,000,00—21-12-

C. 130/2
4814-6-24

U G.F. 228-23 D. 4814

C. O. 46--R

WD 0103—GPB—10,000—29—8-21

Please address all future communications to the Comptroller to the Govt. of H. H. the Maharaja of Mysore.
In reply to this Comn. please refer to
No. 621/Mys
a/Report

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

Dated, Bangalore, the 12th June 1924

FROM

T. SATYARAJ CHETTY Esq., B. A.,

Comptroller to the Government of

His Highness the Maharaja of Mysore.

Ref.

To

Rajakaryaprasakta
M. N. Krishna Rao, Esq., B.A.,

Financial Secretary to Government,.

Bangalore.

SIR,

Adverting to Government Order No. Fl.2905/G.F. 8-23 dated 29th November 1923 sanctioning the deputation of Mr. E. V. Ganapati Iyer, Assistant Commissioner attached to the Railway Audit Office to the Chief Auditor's Office, Madras and Southern Mahratta Railway; for the purpose of studying the system of audit and accounts of the Workshops, I have the honor to forward herewith the report submitted by him on the work done at Perambur during his deputation. He has described in detail the method of work adopted and the registers and accounts maintained in the several branches of the Workshop and the sections of the Accounts Branch of the office of the Superintendents; Locomotive and Carriage and Wagon Departments. The report is interesting and shows that Mr. Ganapathy Iyer has made very good use of his time and taken considerable pains to study the details of every item of work. His report furnishes also useful material for the compilation of an Accounts Manual for Railways Workshops.

As explained in his report the suggestions of the Workshop Accounts Committee for the audit and accounting being combined

under officers stationed in the Loco and Carriage and Wagon Superintendent's Office and the audit and accounts work which was being performed in the Chief Examiner's office being transfered to the Locomotive and Carriage and wagons ~~Department~~ Accounts Officer have been fully given effect to by the Madras and Southern Mahratta Railway Company, and he has also explained why it is not desirable to give effect to them in their entirety in respect of our Railway Workshop. I have adverted to this in my letter No. 620/Wks dated 12-6-24, regarding the introduction of - Concurrent Audit of the accounts of Workshop on our Railways.

I have much pleasure in recording that Mr. Ganapathy Iyer has, notwithstanding the highly technical nature of the accounts of the Railway Workshop taken keen interest in mastering the details and I have no doubt his deputation to the M. & S.M. Railway which has been enabled him to supplement his general knowledge of Railway Audit and Accounts with that acquired in the Audit Office of a large Company's Railway in British India by - - specialising himself in the audit and accounts of workshops will stand him in good stead when entrusted with the duties of the Assistant Auditor in charge of Workshop accounts of our Railways.

I have the honor to be,
Sir,
Your most obedient servant,

T. Satyanarayana

Comptroller.

C O N T E N T S.

Part.I. The Report.

Part II. The Investigation.

1. The Loco Accounts. Section.

2. The Stores Audit Section.

3. The Expenditure Audit Section.

4. General.

Part III. Appendicies and F o r m s.

.....

To

The Comptroller to the Government of Mysore,

Bangalore.

Sir,

Part I. The Report.

1. I beg to submit the following report of the study made by me during my deputation to the Chief Auditor's office Madras and Southern Mahrratta Railway, Madras, for the information of Government.

PRELIMINARY.

2. The Government order sanctioning the deputation prescribed a period of six weeks for going through the work of the Workshops Audit, Stores Audit and General Expenditure Audit Sections. I reported myself for work to the Chief Auditor, M & S M Railway, on the forenoon of 17th January 24. and I was relieved on 1st March 1924 afternoon. In the following pages, the work of the sections has been dealt with separately, in the order in which they were taken up.

LOCO ACCOUNTS.

3. The Workshops Accounts and Audit Section does not exist separately as such, but the work relating to Workshops forms part of the work of the Loco Accounts Section. This latter was constituted as a separate section of the Audit office, under the direct control of an Assistant Auditor, since April 1922. It is located in the same building as the Loco Superintendent's office, and therefore situated quite close to the Workshops. It may not be out of place to give here a brief account of the reasons leading to the placing of this specialised branch of work under the direct control of audit.

4. The Accounts work in a Loco Office is very large and comprehensive. There is first, the very large expenditure incurred in the form of salaries to Drivers, Firemen, Augwallas

etc who are concerned in the running of engines. Payments to these staff are based on the running hours of duty kept by them, and so, the accounting of such expenditure must include an up-to-date and accurate system for the keeping of running staff time. Then, the cost of coal, water, fuel etc incurred in operating the engines, is an essential part of the expenditure of the Locomotive Department. The maintenance and renewal of the engines and the rolling stock is the very first task of the Department and is the 'raison d'etre' for the large workshops attached to a Railway. Considering the technical nature and magnitude of the operations involved, Workshop accounting assumes very great importance. There are other items such as the drawing up of a programme for expenditure on Capital Works, and the booking of actual expenditure on such works, the preparation of Revenue Budget Estimates and Forecasts, cost accounting, accounting of Stores etc . It will be obvious that not only is the accounting involved comprehensive in scope, but is highly expert in character.

5. All this accounts work, and the control of the huge staff involved, was vested in the Loco Superintendent and in addition to his regular executive duties. Although an -- Accountant was in charge of all this accounts work under the direction of the Loco Superintendent, it happened in practice that in the attention to executive duties, the accounting side came to be neglected and imperfect, while the accounts staff were entrusted with extraneous and purely departmental work. Accounts of expenditure which can largely be controlled only when followed from the initial stages, were sent to the Auditor at a very late stage, and in brief fashion. At this stage, any control of irregular expenditure was quite impossible, and even where the irregularities were pointed out, they were merely for the purpose of asking the Executive authorities to justify them. In Expenditure of this kind, initial documents are of the first importance but audit had absolutely no place in reviewing the initial stages.

6. It is superfluous to dilate on the imperfect results which inherently obtained on such a system where a large amount of work of an intricate nature was practically treated as an inevitable surplus-age of executive work. The Workshop Accounts Committee Report states strikingly some of the defects which were very generally the result of such a system. A very thorough inspection of the Loco Superintendent's office was therefore undertaken on the M & S M Railway in 1920-21 by ~~him~~ Mr.W.E. Harrison, of the Audit Department. An Extract of the concluding part of his report, bearing on the points under discussion, is given below:-

" ..... There appears to be no idea of exercising economy in any branch of the office. The Department is a spending Department and they are spending in a lavish and extravagant manner. The work is carried out in a cumber-some and round about way which gives one the impression that work has been deliberately devised to make more work.

The other impression as a result of this inspection is that the sooner an Accounts officer is placed in charge of the Accounts Work of the Department, under the control of the Chief Auditor and Accountant, the better ".

These features, it is unnecessary to add, are to be seen on every Railway, and considering that it is the heaviest spending Department that is involved, the only conclusion is that the system must be improved.

7. The result of the incisive report was the decision to transfer the accounts work to audit control under a full-time audit officer. The results that were anticipated of this arrangement were, of course;-

i). That the Loco Superintendent would not interfere with the Accounts work, and the disposal of the staff engaged on such work;

ii). that the accounts staff would be solely and wholly employed on the work which they were meant to do, under the direction

of an expert officer, responsible for the accounts;

iii). that the irregularities, delays etc in accounts would completely cease, with the presence of a whole time officer for such work;

iv). that all irregularities in accounting, or expenditure or procedure etc would automatically cease, and that where they might occur, an audit officer, independent of the Loco Superintendent's control would check and effectually prevent their occurrence;

v). that there would be thorough audit from the initial documents;

vi). that the Loco Superintendent would have leisure to engage himself completely with the technical work of his Department.

vii). that a conciliatory attitude between the Loco Superintendent and the Audit officer was essentially necessary to be successful working of the arrangement.

The relevant paragraphs relating to the transfer of control to Audit, from Mr.Harrison's report are quoted below:-

" ..... as a result of the present inspection in which practically the whole of the Account work has been examined, I am of opinion, and I think the sectional reports show, that the accounts work generally does not receive that close and constant supervision which is necessary in a large and important office such as this is ..... Particular attention is called to the deficiencies in the workshop accounts section.

(1). The office is sufficiently large and important to warrant its being placed in charge of an officer.

(2). The Accountant does a considerable part of the duties of a general office Assistant in addition to his responsible charge as an Accountant. It is not easy to draw the line between the two, but it may be stated that a certain amount of work which at present devolves, on him, would not come within the scope of the charge of a man solely appointed as in charge of the Loco

Accounts work. There is more than enough accounts work proper in this office with necessary outdoor inspections to keep a highly qualified man fully occupied ".

8. It is necessary to state the essential change involved in the new arrangement. To secure best results, there must be a thorough and impartial examination of the working of the Locomotive Department. It will not do, therefore, that the officer responsible for the Accounts, is a sort of personal assistant to the Loco Superintendent, for this would virtually tantamount to the old system with an officer under the Loco Superintendent in charge of the work. What is imperative is a complete breaking away from the old system, and from this consideration, the officer posted for the work is the important thing. He must look at facts as a prima facie Audit officer would do, solely with a view to scrutinise accounts, and detect irregularities in Expenditure; but he is more- he must present the results in a clear, comprehensive, and accurate manner. He must regard it as a fundamental duty that he is there to assist and advise the Loco Superintendent in all matters of Accounts and Expenditure, but he must remain an independent critic, and prevent breach of canons of financial propriety or irregularities.

9. Of course, in practice, a number of difficulties would arise which experience alone can solve. Thus, the Loco Superintendent does not require information which can be compiled only from accounting records for purposes of his executive control. On these occasions, the accounts officer will, in consultation with the Loco Superintendent, assist him with the necessary statements. Again, there may be cases where the expense can be calculated only after executive instructions have been issued; such, for instance, are the numerous cases of Engine Driver's time, put up for the Loco Superintendent's orders. The section states the facts in a note, and calls for

the Loco Superintendent's orders, giving the rules where necessary, and adjusts the expenditure as per orders. Such action may perhaps strictly be outside the Audit officer's sphere, but in the transition stage until the procedure becomes crystallised, it is bound to arise. With a certain amount of co-operation, cases of such overlapping of functions could be easily settled.

10. A few words may be said here regarding the question of cost. Consequent on the transfer to audit, a reduction of two hands in the Loco Accounts section has been effected. In place of a highly paid accountant on Rs.650/- formerly, a person on a smaller salary of Rs.300/- has been appointed, and even with a separate Assistant Auditor in charge, the excess in cost is trivial compared with the economies in expenditure which have been effected through more efficient scrutiny. In placing an Assistant Auditor in charge of the work, it has been laid down that one of the Head - Quarters deputies to the Loco Superintendent should be released and employed on District Work.

11. It is necessary to consider now the circumstances of our Railway in the light of these conclusions. The foregoing paragraphs, I think, have shown conclusively the need for a revision of the existing system. It is now a well accepted fact that considerable economy in expenditure and accuracy will result from audit control, which should include scrutiny of initial documents, which record the first stages at which expenditure is incurred. All the state Railways have now adopted it, and all the important Railways like the G.I.P. E.I.R. have had it for a long time. I do not think, therefore, that the question of introduction of the method should seriously arise. There is, however, one circumstance on our Railway, which shoudd essentially be considered, and must modify the working arrangements. I refer to the small size of our Railway system. The Perambur Workshops employ over 7000 men; our Workshops,

which have however just started life, employ about 700 men; the number of running staff, shed staff, and up-country staff dealt with, and work in other directions are correspondingly less. I have discussed this matter with Mr.Harrison, and he held the opinion that on our Railway no full time officer would be necessary for the Loco Accounts work, and that probably a competent and senior accountant would meet the needs. I agree with this opinion, and I think that although an officer may be posted for the first three or four months for introducing the system and making the necessary working arrangements, under his direction and control, the section might remain in charge of the Accountant in respect of all routine work, under the control of an officer at Head Quarters, who will discuss all important questions with the Loco Superintendent and issue instructions to the Section. The officer will attend the section frequently in the month, and see that the work is being done promptly and efficiently. In this connection, I may state that the M & S M Railway recently decided to take over the accounts work of the Hubli Metre Gauge workshops, under the control of audit; Mr.Buller, who was deputed to investigate the working arrangements necessary after the transfer of control, reported that an accountant should be in charge of the accounts section, under thedirection and control of the officer at Perambur. The Hubli workshops have a Muster Roll of about 3000 employees.

I give below the figures giving the relative strengths of the Loco Accounts Section, actual figures for Perambur, and probable figures for our Railway.

Section.	M & S M Railway. Perambur.	Mysore Railway. Mysore. (figures are based on present distribution of work in L.S.offic
1.Expenditure.	26	
2.Workshop Accounts.	20	
3.General Accounts.	14	

4. Rolling stock.	5.	1.
5. Stores Accounts.	20.	5. @. Correspondence section is common and is not included here.
6. Driver's time.	17.	2.
7. Mileage Statistics.	-	-
8. Establishment.	42.	4.
Assistant Accountant.	1	1.
Accountant.	1	1.
	146.	18.

I attach an an appendix to this report my notes of a discussion ~~of~~ I had with Mr.Harrison on this and sundry questions. The notes are reproduced here, as they were made at the time, and my ~~only~~ justification for including them here is that they are interesting.

12. Elsewhere in this report, I have remarked that it is considered necessary to continue the Stores Audit and Expenditure Sections under the charge of one officer. The Stores Audit Section may for convenience be thought of as comprising two branches, the Accounts Branch and the Ledgers Branch. The Ledgers Branch would probably be more conveniently situated close to the Controller of Stores office. But no particular advantage is derived in transfering the Accounts Section. On the M & S M Railway, the Ledgers Branch was, a few years ago, situated on the Controller of Stores office, but it has since been transferred to the Chief Auditor's office and is now located adjacent to the Stores Accounts Section. Mr.Dwane, the Chief Auditor, in a discussion on this matter, said that they had one difficulty when the Ledger Branch was in the office of the Controller of Stores. Collusion between Ledger Keepers and balance strikers of the Stores office, leads to loss of material. I think if the Ledgers Section is located close to the Controller of Stores, this is a danger to be guarded against.

13. The transfer of the Loco Accounts work to the Control of audit, was effected in the following manner:-

i). The items of work attended to by each clerk were listed out, the staff was then grouped into several sections, responsible for definite accounts and functions; a consideration of the functions of these sections then followed, and those that were purely concerned with accounts, were separated from those that were purely concerned with records of an executive nature; the former was placed under the control of audit. In addition, in some sections, the staff were partly engaged in clerical work relating to executive records, and partly in accounts work. The staff employed on the latter, was also transferred to audit, and made responsible for those accounts.

ii). Secondly, all work that was not purely accounts work but could be done more readily by the accounts staff, was transferr to the audit section.

iii). As a provisional measure only, the records were kept common to both the sections, but left under the control of the Loco Superintendent.

The office order, giving the details of the transfer of functions, and laying down some rules of procedure, is attached to this report as an enclosure. The staff of the Accounts Branch was later scrutinised with respect to the requirements of the work actually carried through and any reductions or alterations were effected on the basis of this examination.

14. In conclusion, I wish to express my thanks to Mr. W.E.Harrison, for the kind guidance and facilities he gave me, throughout my study. I am thankful also to Mr.H.A.Buller, in charge of the Loco Accounts Section and to Mr.Jarvis, in charge of the Stores and Expenditure Audit Sections, for the help they gave me in studying the work of their respective sections.

I beg to remain,
Sir,
Your most obedient servant,

Ekanath Iyer

Part II. - The Investigation.

1. The Loco Accounts Section.

15. The following is a detailed account of the work that is being done in this section. On account of its importante, a rather exhaustive account is given of the duties performed by each sub section, and the procedure adopted. The work of each official was closely examined, the registers maintained were scrutinised and where any office orders or circulars existed, the procedure adopted was examined in the light of these.

THE TIME OFFICE.

ORGANISATION AND CONTROL.

1. The time office is common for all the Workshops and is under the Administrative control of the Loco Superintendent. It is generally situated at the entrance to the Workshops. This is because numbered metal tickets have to be issued to the labourers at the commencement of each shift, and received back at the close of the shift.

On this Railway, the Permanent staff of this office consists of:-

1	Time Keeper.
1	Asst.Time Keeper.
11	Time Clerks.
11	Asst.Time Clerks.
24.	

2. The duties performed by the Time Keeper and Asst. Time Keeper are as follows:-

i). General supervision of the work of the office.
ii). Checking of Time office absentee lists with ticket Boards.
iii). Checking of Time office absentee lists with absentee Registers.
iv). Checking of Time office absentee registers with Muster Rolls.
v). Checking of over-time.

WORK OF TIME ERKS AND ASST. TIME CLERKS.

3. The routine of the Time office is as follows:- The Time clerks are present at the ticket counters before the hour at which the shift begins, ie., at 6-30 A.M. and 12 A.M., for issuing tickets, ticket-boys assisting. As the labourers enter through the gate-way, the numbered tickets are issued to the labourers of each shop from the ticket boards. The absentee lists are prepared immediately at the counters, from the tickets left on the boards.

LATE MEMOS.

Time clerks return to the office at about 7-30 A.M. and 1-0.P.M. and then prepare late memos in form L.M.45,

late comers being given gate passes, and reduced labour time being booked.

OVERTIME. 2 clerks attend by turns from 5-30 P.M. to 7-0 or 7-30 P.M. for the purpose of recording particulars and issuing tickets. Overtime lists are checked with ticket boards at about 4-45 P.M. to see that men advised as being required to work overtime have not gone out of the works.

MUSTER ROLLS. The Muster Rolls for the shops for the shift is posted completely for each day. Though no totals are struck, these Rolls are sent up every week to the Loco Accounts Section for reconciliation with the Time sheets oflabour. The reconciliation is effected in this way. The Time Sheet Book and the Muster Roll for each shop, are taken together. For each ticket number, the total hours of labour recorded in the Time Sheet under that number, against the particular date, are noted and seen if they agree with the hours of labour in the Muster Roll against that number on that date. The Muster Rolls are returned to the Time office after reconciliation. To prevent delay and dislocation of work, the Muster Rolls are sent up distributed in batches every day. (The office order prescribing this is attached for reference).

OTHER ITEMS OF WORK. 4. Time office clerks maintain service registers, giving the history of service of each labourer, showing the increments earned, total leave taken, eligibility to -- allowances, etc. These are necessary for the compilation of Muster Rolls.

Time office clerks receive leave advices, clearance certificates, dismissals, resignation, suspension, newly entertained lists etc for the purpose of noting and necessary action.

A daily attendance return of workmen for the shops in a consolidated form L.M.53 is also written up and sent

to the Loco Superintendent, Loco Works Manager,
C & W. Works Manager for information.

COST ACCOUNTING OF LABOUR.

1. A proper system of accounting for the correct allocation of labour charges to the several jobs done in the Workshops, is of the greatest importance, in indicating whether the job is being performed economically and efficiently or ~~thxjobxisxbeingxperformed~~ not; -- generally this distribution is made by allocating time to each job; and then pricing the time at the given rates.

A section called the expenditure section of the Loco Accounts office, is responsible for the costing of labour in the Shops. The work of this section is divided into three branches.

1 Sub head.

12 Work takers.

12 Abstracting Clerks.

7 Sub-ledger clerks.

DUTIES OF WORK-TAKERS.

2.(a). At the commencement of each shift, after the labourers have put their metal tickets against the fixed numbers in the several shop boards, which are put just by the side of the shops, the work taker proceeds to his respective shop-Board, and locks up the board, so that no more tickets can be put in after the allotted time of say 5 or 10 minutes. The numbers of the missing tickets are noted down thus, as follows:-

Erecting shop.

8
15
16
23 etc.

(b). A Foreman's subordinate, or the shop clerk, independently makes the absentee statement for his purposes. Since the statement is drawn up by Audit Agency, one -- essential audit function, namely the verification of the correctness of the total time of labour and therefore that of the Muster Roll, is automatically secured.

(c). The work takers write up the absentee statements

of each date, for each shop, separately in form L.M.55. These statements are then handed over to the Time Checkers in the Establishment Section of the Loco Accounts office. (This of course means that the verification of the absentee statements is done by a different set of clerks from the Work-takers). Here the similar statements of absentees for each shop, are received daily from the Time Office. The two lists are then compared, and reconciled and the word 'Correct' is written on each statement by the Time Checker. If there are any discrepancies, they are removed by verification with the foreman's record, and seeing if the person is actually at work.

(d). The corrected lists of absentees are then handed over to the Work-takers and abstracters for posting in the different Time Sheet Books.

THE TIME SHEET BOOK AND ITS POSTING.

3.(a). One Time Sheet Book is kept for each shop. The names of the employees and their numbers are enteredn in progressive order for each shop separately. There will be 2 or 3 names to each page. A different Time Sheet Book is written up each month as above.

(b). From the corrected lists of absentees, the entries are posted into the Time Sheet Book under/daily by the Work-takers.

(c). The work takers proceed daily, twice if necessary, with the Time Sheet Book to the different shops. In each shop, a work order register is kept and posted up daily by the Chargeman. (A new revised form of this register is in print here). A page is opened for each number, and against each date, the work orders on which the person is employed and the time in hours are given as follows:-

.....Shop.

Name of employee. ..... No.....

Date.	Work order Nos.	Time.
1-1-1921	W.O.No.219	3 hours.

Date.	Work order Nos.	Time.	
	W.O.No.374.	5½ hours.	
2-1-1924.	W.O.No.374	1½ hours.	
	W.O.No.460	7 hours.	etc.

The worktaker posts the allocation of time for the date as given above, from this register into his Time Sheet Book, under the name of the employee concerned. If the Time Sheet Book does not show that the man was absent for any shift (i.e., marked 'a' in book) or late, it is clear that he has worked for the full 8½ hours, and audit verification of the labour time consists in seeing that the total period as posted from the allocation register, for the day against the several work orders is not greater than 8½ hours, or other time as given by the Time Sheet Book.Of course, there is still the uncertainty that the allocation as given above may not be correct. Audit under present circumstances here, has no chance of verifying this. All that can be done is to hold the Foreman personally responsible for the correct posting of these Registers.

(d). Overtime memos are received from the several shops daily, signed by the works Manager or other authorised persons, in the work taker's section. The work taker posts from them, the work orders on which overtime is done, and the overtime recorded, for each employee.

The posting of the Time Sheet Book is now complete. The operation is done from day to day, and weekly totals of hours of labour are made out for each person to compare with the totals of the Muster Rolls, received for check from the Time Keeper's office.

(e). The Test Check of Time Sheets by the Sub head of the section,with reference to Muster Rolls, Ticket and work order boards, and recording the results in a

register, is a very necessary one and has been prescribed in this office.

ABSTRACTERS&

4. The Time Sheet Books are taken up by the Abstracters at the end of the month., i.e., as soon as the time for the 25th is recorded. The first duty of these is to enter up the " amount" column of the Time Sheet Book. The total hours of labour against each work order is made out, and divided by 8 is converted into days of labour. From the rate per day given, the cost against each work order is recorded in the last column; the totals of all the work orders for each man, gives the total wages for the month of the man. Calculations for overtime are made where necessary.

A summary Time Sheet for the month, giving the labour charge of all the men employed on each work order is drawn up separately for each shop, in form L.M.61 and is sent at the end of the month, to the Stores Sub Section for the writing up of the Sub Ledgers, i.e., booking labour charges against each work order. Formerly the Time Sheets were sent up in summary form daily to the Stores Section for posting in the Sub Ledger, but now with the introduction of the monthly Time Sheet, this posting is done monthly. This, I consider, has been a very useful change..

MONTHLY RECONCILIATION OF LABOUR CHARGES.

5. The total amount of labour booked in sub-LEDGERS monthly against work orders has to be reconciled with the total amount of wages paid to labour, as per Muster Rolls. This work must be done promptly. A permanent record of reconciliation is maintained in a register which is sent to the A.a.l. for signature. Rough and ready lump sum adjustments except for petty items are objectionable as the booked labour charges will then be appreciably away from the true cost.

a.a.l: — This is the abbreviation for "Asst. Auditor. Loco accounts."

COST ACCOUNTING OF STORES.

Modern accounting has reduced the elements of manufacture into three primes:- labour, material or stores, expense or general charges. A thoroughly up to date system for the allocation of Stores charges to jobs undertaken in the workshops is therefore essential. One essential requisite in this cost accounting is secured by the issuance of some kind of an order for the work required, to which must be charged the labour, material and expense involved in its execution.

THE SUB LEDGERS SECTION.

1. The Stores Sub Section is primarily responsible for booking Stores charges incurred in the shops. The following is a description of the manner in which the sub ledgers are prepared:-

a). A summary Time Sheet is received separately for each shop, at the end of each month, in form L.M.61 giving the work orders classified, and the total labour outlay for the month against each, from the Expenditure Section. These entries are posted straight away into one single column marked " Labour " in the sub ledger, separately for each shop. This posting might well have been done in the Expenditure Section, but as it is convenient to fix responsibility for all booking of charges in one section and as the Stores Section has to book Stores charges, the booking of labour also is done by this section.

b). The Sub Ledger is in the prescribed form (vide copy enclosed). The present form in which there is one column for entering labour charges for each day in the month, is undergoing revision, as only a single column for 'labour' is sufficient. The reason is this: since the introduction of the monthly time sheet, the daily posting of labour against the different jobs has been done away with; only one column is necessary to give the total labour charges of the month against each work order.

For Stores charges, there is one column for each

day of the month.

2.(a). As regards Stores charges, copies of the requisitions for materials are sent to the Stores Audit Section. From the Stores Audit office, are received daily these priced requisitions separately for each shop, with a summary. From these requisitions, the work orders and the price of the Stores issued to these work orders, are extracted daily in form L.H.188, in this section. Some requisitions, which have not been priced by the Stores Audit office, are noted sdparately in a register of pendencies, where they are watched, until supplementary statements from the Stores' Audit Section are received when they are adjusted.

(b). From the L.H.188 abstracts, the Sub Ledgers are posted daiby, giving the amounts against each work order. At the end of the month, the totals are struck up.

(c). A monthly summary of issue notes giving the date and amount of these issue notes is sent from the Stores Audit office, separately for each shop, and also an abstract for all the shops together. The former is sent up in form C.A.64. The latter is verified, and agreed with the totals of the sub ledgers, and is then accepted and returned to the Stores Audit office.

(d). Where Stores may be transferred from one work order to another, to ensure correct allocation, a credit order register is written up in this section, from the credit memos in form L.H.189, received from the Shops Foreman. A copy of the credit order register is sent up to the workshop Accounts Section, and the necessary adjustments in cost are then made.

(e). A register is kept in this section showing the standing work orders and the heads to which they are to be charged, for purposes of reference and allocation.

(f). A statement of the approximate revenue outlay in the shops for abstracts B and C, is written up here in form

L.M.279 and is sent to the Loco Superintendent, through A.A.L. for information.

by

THE WORKSHOP ACCOUNTS SECTION.

1. This is an important section of the Loco Accounts office, where all the Accounts are booked and assume their final form. It is also the section which compiles the statement which exhibits the activity of the workshops, known as " the outturn statement".

The following items of work are done in this section.

(i). Work order handbooks are posted from work orders and dates of completion entered subsequently.

(ii). Abstracts of sub ledgers are prepared for the purpose of brining together monthly totals of charges of different shops against particular work orders. These are separately maintained for labour and stores.

(iii). Workshop outturn statements bringing together monthly labour and Stores charges, and recording "indirect" charges and adjustments.

(iv). General charges are maintained for recording expenditure from date of commencement of work to date of completion, charges being posted for each shop to facilitate reference

(v). Pricing of invoices for articles manufactured for Stores Department, completing and registering bills for supplies made and recording adjustments.

(vi). Maintenance of foundry accounts and miscellaneous work in connection therewith.

(vii). Maintenance of registers of finished fittings.

(viii). Extraction of charges on completed work orders for scrutiny.

(ix). Preparation and submission of bills for work done for private parties and foreign Railways.

(x). Registration of general shop charges and working out averages for groups for adjustment purposes.

ENERAL CHARGES. A definition and description of what constitutes general charges in the shops is given in O.L.Code Vol.I. page ..... The procedure for booking and allocation of general charges on

this Railway is as follows:-

1). Direct labour charges incurred in the shops, and allocated to certain specific work orders, are treated as general charges. The Sub ledger for each shop, sent up to the Workshop Accounts Section at the end of the month, gives the labour charges against these work orders.

2). From the Sub Ledgers of all the shops, these direct labour charges are extracted and posted in the day book of general charges, against the specific work orders.

3). Charges (labour) debitable to these work orders, are also incurred in out-stations; these figures are furnished by the Establishment section, and are posted in a supplemebtary day book.

4). Charges brought on the adjustment book are also posted from the day book.

5). Credit for water supplied, shunting done, etc is posted from separate memos received from the Loco Works Manager against the respective work orders, and taken direct into the General Charges register.

6). Leave with allowances, temporary allowances etc are posted from pay sheets received from the Establishment Section against the corresponding work orders. Thus, the total labour general charges are arrived at.

The following items constitute the Stores General charges an are posted similarly from the Stores day book of general charges etc into the General Charges Register. Finally, the total ordinar labour incurred in the several groups of shops, is extracted from the labour day book and posted in one item in the general charges register.

The proportion of total general charges for all the shops to the total ordinary labour for all the shops is worked out, and is taken as fixed for the month, for distribution to the several work orders. The General charges register as thus posted is checked in detail, item by item, independently. (A manuscript copy of the general charges register is shown below).

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DETAIL REGISTER OF GENERAL CHARGES OF THE PERAMBUR

Particulars of items (in detail.)	Group I (Smithy and spring) Work orders 5 & 212.	Group II (Saw Mill) Work orders 12.	Group III Work orders 7,8, &9.	Machine shop. WO's. 1&.2.	Erecting shop 3.	Boiler shop 4
LABOUR.						
1. "						
2. "						
3. "						
.....						
Total labour.						
STORES.						
1.						
2.						
3.						
.....						
Total Stores.						
ORDINARY LABOUR.						
Total General charges.						
Total Percentage.						

HOPS FOR THE MONTH OF .....

Group IV.													
yre & sel hop 6	Mill Wright. 10.	Carriage Building & Wagon shop. 11.	C.Repairs. C.Fitting. 13	Wagon shop 14.	Paint 15&16.	Yard 17 & 240.	Distributing items.	Total of MV.	Yard shunting Work Order 18	Yard Lighting East and West pumps. 167.	Air compressing machine 173.	Grand Total.

GENERAL CHARGES ACCOUNT.

The following is the list of items, which go to make up the general charges, and have been prescribed by an office circular.

Particulars.

l a b o u r.

Direct charges as per Abstract of Sub Ledgers.

Combined temporary allowance as per pay Sheets.

-do- pay orders

Credit for shunting performed to other Departments.

" Water supplied.

Charges as per adjustment book.

Unloading and loading coal, coke, and firewood.

Leave with pay and temporary increase.

charges as per supplentary day book.

Total.

Distribution of charges incurred on
yard shunting
" lighting, labour etc.

Total labour general charges .....

Stores.

Direct charges as per abstract of sub ledgers.

Fuel charges as per statement

charges as per electric bill.

Credit for shunting performed to other Departments.

" water supplied.

Charges as per adjustment book, credit orders, general bills etc.

Timber, dealwood scrap and saw dust supplied.

Charges as per supplementary store list.

Total.

Distribution of charges incurred on:—

(a) yard shunting,

(b) " lighting etc.

Total Stores General charges.

....

Total ordinary labour(as per sub ledger). .....

Total General charges. .....

% (of G.C. to ordy labour) .....

.....

WRITING UP THE STATEMENTS OF LABOUR AND STORES CHARGES.

For convenience, the posting of general charges has been described earlier. As a matter of fact, the day books of labour charges are first written up . A description of the procedure for writing up these is as follows:-

THE DAY BOOK OF LABOUR CHARGES.

1. For the booking of labour charges, two day books of labour are kept every month, one the capital day book and the other, the Revenue day book.

2. The Sub Ledgers giving the outlay on labour and Stores against the several work orders, are received every month, separately for Capital and Revenue works, from the Stores (Sub ledgers) Sub Section, the latest date for receiving these being the 15th to 18th of the next succeeding month. These sub ledgers separately for each shop, are sent up bundled, by a messenger.

3. For convenience of posting, an abstract of labour charges in Form L.M.295 (copy enclosed) is posted by the day book posters, for each shop separately from the sub ledgers; This abstract is posted in regular classified order, according to the heads, separately for Capital and Revenue. Thus the work orders in each shop and under each head will be posted in this in progressive order. From these abstracts, the day books are posted directly.

4. The day book which is a sort of consolidated abstract, is in form L.M.283. It brings together the charges incurred on each work order in all the shops.

5. Up to this stage, an exactly similar procedure is adopted for Stores day books. There are separate Capital and Revenue day books. But the generalcharges allocated to each work order are brought on the labour day book only.

6. Stores, labour etc charges incurred on a work order but which have not been brought on the sub ledgers mentioned above, are separately intimated to the Workshop Accounts section, through separate memos and documents received from the Establishment Section, ExPenditure Section etc. These are posted in suitable columns into the day book.

7. The day books are then posted.

8. The General charges register is then received, and from the percentage proportion calculated therein, the general charges chargeable to each work order are posted in the labour charges day book.

9. The labour charges as per Time sheets are now verified with the figures as given in the Muster Rolls, from the Establishment Section. This reconciliation work is very important, and only after this is done, the general charges are allocated to the different work orders and the day books are then sent to the outturn statement compiler.

10. The Establishment section, sends two statements, one, the allocated abstract in Form G.10A., which gives the total charges as per Muster Roll and labour pay sheets, of all the shops separately; the other, in Form G.3. for the deductions to be made out of the total amount of the allocated abstract, as debitable to items other than the work orders. From these the reconcilia-

tion

-tion register is posted. The form in which this register is kept, is shown below. The charges as per sub ledger are entered in one column, and as per muster rolls after the necessary deductions have been made) in another column. The net differences are brought out. Generally, these are very small amounts (about a few pies etc due to errors in computation) and are reconciled after scrutiny. The day book figures thus finally reconciled, are brought in the out-turn statement.

(VIDE SEPARATE PAGE ATTACHED
FOR RECONCILIATION STATEMENT.

RECONCILIATION REGISTER OF LABOUR CHARGES AS PER

Name of shop.	Amount as per allocated abstract. 1.	Pay order. 2.	G.C.A. (Grain compensation allowance.) 3.	Temporary increase. 4.	Fines. 5.	Cost of tickets & tools dos 6.
					Deductions.	
Boiler.						
Carriage Building.						
Carriage Fitting.						
Carriage Repairs.						
Erecting etc.						

MUSTER ROLL AND OUTTURN STATEMENT FOR THE MONTH OF .....

Supplementary Day Book. 7.	Leave with pay. 8.	Net Amount. 9.	Piece Work Profit. 10.	Arrears &c. 11.	Net Muster Roll Amount. 12.	Sub Ledger Amount. 13.	Differences 14.

MACHINERY CHARGES. The procedure adopted for incorporating machinery charges is now dealt with:

1. Certain work done in the workshops has in course of execution, to be processed through foundry shop, smithy etc. Expenditure in such shops, like the General charges will not, as a rule, admit of direct posting against a work order. Whenever this can be done, the expenditure is charged off to the work order, but separate ' foundry','smithy' etc accounts are kept to facilitate posting. Such charges are called Machinery Charges. The shops dealt with are Saw Mill Account, Foundry account, Smithy and forge account.

2. The detailed procedure for accounting is as follows:- Foundry work is done in the several foundry shops, which are denoted by the first letter - thus 'I' indicates Iron Foundry; 'B' denotes Brass Foundry, 'P' denotes Phosphor Bronze etc. etc.

3. From each foundry shop, at the end of the month, a statement in form L.M.185 is sent up, to the Stores sub section giving the receipts etc of the materials and the closing balances , as per actual verification.

4. In the stores sub section, from the above statements, the detail book of Foundry, or smithy etc accounts is written up in the following form:-

Iron Foundry for the month of .....

Particulars.	Opening balance.	Receipts.	Total.	Balance on hand	Actually used up.
	-	-	-	-	- -
Total.					
Coke Sundry.					
Difference adjusted.					

5. Finally, a summarised account for the 'Foundry' etc is drawn up as follows:-

Cast Iron.	Quantity.	Prices.
(C.I.) Runners used up(from last month's stock).		
Metals.		
Coke and sundry.		
Labour.		
General charges.		
Total quantity of Metal dealt with		Total of above figures.
Total actual cost of out-turn as per out-turn statement.		
Cost of outturn at fixed rate.		-----Priced fig. from L.M.186.
Difference.		
Runners on hand.		
Wastage.		

6. The final record, of the 'Foundry' account, is kept up in a register, which is sent monthly to the Assistant Auditor (Locо) and the Loco Superintendent for scrutiny and initials.

(Vide C.F.Page 1.).

7. For posting in the outturn statement, each shop sends monthly a register of outturn in Form L.M.186 (vide copy attached).

In the Stores Section, the rates of the outturn as per half yearly fixed list, are entered and the amount column figures are worked out. The Work order to be charged to are also entered in the shops.

8. From these statements, a rough abstract is first drawn up showing the work orders in classified form and the amount to be charged to each; and finally, from the abstract, the figures are posted into the Machinery charges register, every month. After the totals of the Machinery charges book are agreed with the totals of the L.M.186 outturn register, the Machinery charges Register is sent to the workshop accounts section for in

inclusion in the outturn statement.

The machinery charges Register is posted as follows:-

Head Charged.	Work orders.	Foundry. 7.I.	7.B.	7.P. etc.	Smithy. 214	215	---	Total.
Engineering								
	...							
	...							
Controller of stores.	...							
Traffic Deptt.&c.								
Revenue.								
Capital.								

(A summary of the above is drawn up at the end of the month by Departments).

9. The office circular for Smithy account is attached.

Month.	Quantity of metal dealt with during the month.	Name of foundry Outturn of			Wastage.		Actual cost of outturn.		
		As per return Regr.	Runner on hand	Total.	Quantity.	Percentage.	Labour.	Stores.	General charges.

NT FOR THE MONTH OF .....

otal ost.	Rate. Per	Cost at fixed rate.	Difference between actual cost and cost at fixed rate for month.	Previous month's difference.	Difference adjusted during month	Net difference at end of month.	cost of metals left on hand.	Balance of amount as per workshop suspense statement.

A.A.L. Loco Superintendent.

THE COMPILATION OF THE OUTTURN STATEMENT.

Finally, we come to the stage at which the compilation of the outturn statement of the workshops for the month is taken. The detail books of labour and general charges, of Stores Charges, and the machinery charges register are handed over to the clerk who compiles the outturn statement. Since the outturn statement for the month here runs into many pages, it is compiled by several clerks.

The following is the detailed routine:-

1. The statement is compiled in the form prescribed by the Open Line Code Para 322, adopting the classification given therein. Instead of Part II, is -- adopted a Part II, for " completed jobs awaiting -- acceptance' and a part III for ' Works in progress'. In part II, against each item, is stated the reference giving particulars of the bill sent up for acceptance.

2. After the labour, Stores, general and machinery charges have been posted, where chargeable, indirect charges are calculated on the aggregate of above at the prescribed percentage, and posted in a separate column and the totals of each item worked out. In computing aggregate charge for the calculation of Indirect charges, the cost of English materials and manufactured materials is excluded.

KEEPING WORK ORDER LEDGERS.

A very important work done in this section is the posting of ledgers for individual works or work orders. Thus each Engine, or each vehicle has a separate ledger account, giving the total charges incurred on it in the Workshops.

1. These ledgers contain an account for each individual work order. The ledgers are posted independently from the day books of labour, stores etc charges, every month. When the work order is complete, the total charges, by detail, on the work order incurred till completion, is drawn up in a statement (copy of form

enclosed) and sent up to the works manager for scrutiny and return. The bill of charges is compared with the shop details and generally accepted as correct.

2. A separate ledger account is kept for each -- Engine, and the charges incurred on the Engine is sent to the Loco Superintendent for information.

3. These ledgers are very important accounts, as they are the only complete detailed record of all charges incurred on a work order, and a very important audit duty consists in reviewing the charges incurred on each work order, and raising objections or calling for explanations whenever the expenditure has exceeded the estimate, or appears extravagant. (A typical case of such scrutiny is extracted below.

4. The ledgers afford a ready means of tracing and locating expenditure in regard to which questions are raised and facilitate the scrutiny of charges currently and on completion of jobs. Particulars of bills submitted in connection with work orders should be entered in the ledgers. Ledgers need not be kept for Revenuework orders, though it may be generally required for administrative control.

RETURNS TO THE AUDIT OFFICE.

The Account Current, with an outturn statement in condensed form, is sent monthly to the Chief Auditor's office.

THE DRIVER'S TIME SECTION.

1. The work of this section relates to keeping the time of Drivers, Augwallas, firemen etc working on the engines, or as it is called, 'footboard' work, and to make payment on the basis of this time. The section confines itself to making the pay sheets of Engine staff only for duty on engines, any duty performed at the sheds and the claims of other shed staff being dealt directly by the Establishment section. On account of its importance and specialised nature, the work is allotted to a separate section.

2(a). A number of drivers are attached to each station and the pay sheets are prepared separately for each Station.

(b). Daily drivers' journals or time tickets, in form L.M.249 (revised) are received in this sub-section, giving the time spent on duty on the train. These tickets are signed by the Driver and countersigned by the foreman of the running shed.

Driver's journals are sorted in name order and checked with sanctioned trip allowance scales and detention and other rules pertaining to the running staff. They are also compared with daily reports from each shed in L.M.251. The daily time earned and batta due to each crew as shown in the journals, is verified and posted into Driver's Time Register (L.M.64).

Sanctioned leave is verified from advices received.

(c). There is one monthly time sheet written up for each Station, containing the names of all the Drivers etc belonging to that Station. Prior to the checking of journals, the preliminary work of preparing Time Registers is taken in hand, names, designations and rates of pay being inserted. After completion of the daily postings of time and batta in the registers, the total time in hours and batta for the month is cross-cast and the hours converted into days, subdivided into ordinary and overtime.

The amount of pay due to each man is then calculated.

The conversion of hours into days is checked by the head of the section .

d). At the end of the month, the monthly Time sheet in original, is sent to the Establishment section, for writing up the pay sheets and sending them to the Chief Auditor and Accountant for audit and payment.

VERIFICATION OF DRIVER'S TIME.

3. (a). A statement of time for drivers etc for the month is sent by the shed foreman directly to the Establishment section, every month, in form L.M.66. This is an important ~~xxxxxx~~ return, and the foreman are expectedto take care that it is posted accurately.

(b). To avoid delay, the pay sheets are made out initially from L.M.64, and passed for payment. When L.M.66 statements are received, they are verified with L.M.64 statements to see that the times booked for each person agree; any discrepancies and differences are extracted and posted into a statement of inaccuracies; this statement is written up in duplicate by the Establishment Section, and one copy is sent to the Time Section for explaining and adjusting the differences in the succeeding month. The forms are sent up to the District Loco Superintendents and foremen, for giving reasons where their explanation is necessary, and are returned to the -- Establishment section through the time section, after the latter has made the necessary adjustments. The Establishment section should see that these adjustments have actually been made, and file the document. If further action is necessary, the replies must be posted into the copy retained by the section, and the original sent to the officers concerned for further action.

4. The work of this section is specialised, and the cases to be referred to the Loco Superintendent for orders as to booking time or payment etc, for certain work of drivers, etc are very numerous. In such cases, the section puts up a note giving the facts of the case, and submits to Loco Superintendent for orders. The orders are then adopted. This does not seem strictly an audit work.

5. The following monthly registers and statements are prepared for departmental administrative purposes:-

i). L.M.88 statement of time earned by drivers at each shed, extracted from Time Registers (L.M.64).

ii). Register showing amounts paid on account of sanctioned detentions exceeding 1 hour.

iii). Register showing number of days earned on Sunday work by Drivers at each shed.

iv). Register showing number of days paid for to make up guaranteed time.

v). Register showing time earned at each shed to watch Loco requirements in engines and staff necessary from time to time.

vi). L.O.77 returns (bi-weekly) showing total numbers of Engines and drivers, also mileage worked by each shed.

vii). Now trip allowance lists whenever Time Sheets are changed.

THE ESTABLISHMENT SECTION.

1. This section, which is a very big and important one is composed of the following staff:-

Head Clerk.	..	1
Second Clerk.	..	1
Line and Workshop pay sheet clerks.	..	28
Service Register Clerks.	..	5
Time Checkers.	..	2
Relieving clerks.	..	5
		42

2. The work of this section must be done promptly to avoid delay in the payment of wages. Hence work is done according to a programme drawn up. First, the Muster Rolls of the Shops or labour pay sheets are taken up; then shed staff pay sheets and finally Running Staff pay sheets are prepared.

Details relating to the preparation of pay sheets are given below:-

a). Muster Rolls.-

These are completed by the Time office at the close of the month, up to the "Total days" column, and are ~~checked~~ received on the 27th or 28th. The money columns are completed by the Establishment Section, including additions and deductions. The preparation of labour pay sheets for Audit is taken in hand before receipt of Muster Rolls completed by Time office, to avoid delay. The rates of pay in the Muster Rolls are checked. The Muster Rolls are kept as the original copy and the labour pay sheets are sent to the Chief Auditor's office for payment.

b). Up-country shed and Train Examiner's Pay Sheets.

These are sent by the several District Loco Officers in the form of Muster Rolls. They are dealt with as above.

c). Running of Staff pay sheets:-

The daily time and batta earned by each man is posted in Running staff Time Registers (L.M.64) by the Time Section who also enter total hours and batta, total days divided into ordinary and overtime, and work out the amount due to each employee for the month. On receipt of these registers in the Establishment Section, rates of pay are verified with rate books, deductions and grain compensation allowances entered, and the money columns completed. Prior to the receipt of the registers, the preparation of pay sheets for audit is taken in hand as far as possible, the Audit copies being completed after receipt of the registers. This is to get through work in the limited time available. The rates of pay entered in the registers are independently checked. The Audit copies are then sent to the Audit office, for check and payment, the registers forming the office copies.L.M.64 registers are subsequently checked with L.M.66 Time sheets submitted by ~~the~~ Foremen.

3. Rate Books. These are posted up to date and initialled by a responsible accountant.

Leave Registers. These are maintained by the Establishment section for Running Staff, clerical staff, Train Examiners, chargeman, etc but not for daily paid employees. Leave applications are certified therefrom.

Service Sheets:-

4. The following are miscellaneous items of pay sheet work.

i). Calculation of pay due to men who meet with accidents or who are undergoing anti-rabic treatment.

ii). Verification of proposed increase lists.

iii). Preparation of gratuity applications.

iv). Posting of registers showing average pay earned by workmen.

v). Posting of recoveries made in co-operative stores etc deduction lists.

vi). Clearance certificates.

vii). Preparation of unpaid wages pay orders.

viii). Preparation of pay slips for workmen.

THE FUEL ACCOUNTS SUB SECTION.

1. This sub section is also under the control of the Audit Officer, and consists of 8 hands. Its main duty is to keep the Departmental Accounts of fuel, coal, oil etc at the various fuel stations, for the information of the Loco Superintendent.

2. The procedure is as follows:-

a). Coal or other fuel, is received by the Head Coal checkers at the main depots, from the Collieries, according to the programme of supply drawn up by the Loco Superintendent From the main depot, the coal wagons are despatched direct to the sub depots or coaling stations, according to the months distribution programme; the invoices are made out in quadruplicate, one copy being sent to this sub section simultaneously with the despatch of coal. The stock register for the depot is posted from this invoice. Generally no balances are stocked at the main depots, which act solely as distribution centres.

3.(i). Fuel issue statements (L.M.230) are received once a month from each shed, accompanied by fuel tickets (LM227) and tender balance returns. Fuel issue statements show issues to each engine each day, and are checked in detail against fuel tickets by this section.

ii). The monthly totals of issue statements are checked with the monthly balance fuel returns (L.M.229) receipts in the latter being verified from returns received from coal checkers up-country, supported by receipts (L.M.194) accepted by the consuming department concerned.

iii). Monthly total issues are posted into day books, separately for each shed and for each kind of fuel, from which monthly abstracts of quantities are prepared and submitted to the Stores Audit office for pricing the value of issues. The value of issues is subsequently entered in day books and audit advised of acceptance of debits.

4. The following are miscellaneous items of work:-

a). Adjustment memos for fuel transferred from one gauge to another, for freight charges on fuel supplied to other Depots.etc.

b). Sale issue notes and abstracts of sales effected.

c). Balance return (L.O.69) shows balances, receipts, and issues at all depots.

THE GENERAL ACCOUNTS SECTION.

1. This is an important sub section of the Loco Accounts' Section. Among the items of work dealt with are compilation of Revenue Budget Estimates, Capital Estimates of the Loco Department, Booking of Revenue Expenditure, claims relating to Rolling stock interchanged etc. The procedure of work is that adopted generally.

2. The Capital Section deals with the compilation of the Capital Estimates, and Accounts. The file of orders relating to Capital Expenditure is kept very complete and up to date. The preliminary estimates are drawn up by this section in conformity with the five yearly programme adopted by the Railway Board and correspondence is carried on with the -- Traffic Department to ascertain if modification is necessary in the figures of the preliminary estimate as thus drawn up in the light of actual requirements. The final figures are then submitted to the Agent. Lapses of grant are ascertained. from this section by the Agent in good time (about 2 months) before the end of the year, in order to appropriate unutilised funds for other Departments of the Railway.

The Capital Budget Estimates of the M.S.Railway are drawn up on the basis of the Capital Estimates of the S M Railway as per Railway Board's instructions, the proportion of the M S Railway being taken as about 1 to 8 of the MSM.

3. In the Revenue Section, the Expenditure allocation registers are kept posted; they are reconciled monthly with the registers in the Chief Auditor's office.

4. All miscellaneous questions relating to claims, and Rolling stock interchanged, making out and accepting bills for the same are attended to in this section.

2. The Stores Audit Section.

16. Ad a working arrangement, the Stores Audit Section is divided into two branches; the Accounts Sub-Section, and the Ledgers Sub-Section. The procedure adopted is that prescribed in the Railway Audit Code, but a Stores Audit Section manual exists, laying down the detailed procedure to be followed by the sectional clerks in each case, and this procedure is strictly followed. The existence of a section manual seems to be very essential, as it lays down full instructions for the detailed procedure to be adopted in each case, and helps to fix responsiblity.

17. A feature of the work of the section is the arrangement to ensure the correctness of the section figures. A double reconciliation is effected monthly, the procedure being clearly laid down. The follwwing is a brief description of the procedure.

(i). Reconciliation of Accounts Sub-Section Registers with Ledgers.

(a). Debits.- The Accounts Sub-Section will submit to the Ledger Sub-Section a monthly detailed statement, showing total debits to Stores from all sources. This statement is verified with the total values for the month in the DRR's, and ledger receipt summary, and returned to the Accounts Sub-Section.

(b). Credits. A detailed statement is compiled each month of the value of all issues, and sent to the Accounts Sub-Section, and must be checked and proved with the Register of Credits and certified by the head of the Sub-Section when done.

Reconciliation statements must be submitted to the Assistant Auditor in charge each month and his initials obtained.

(2). Reconciliation of Stores section Registers with Books.

An agreement between all Stores transactions recorded in

the Accounts Section registers and the General Books is effected monthly and recorded in abstract reconciliation registers inwhich the monthly totals and balance of the several registers appear. Directly the accounts of a month are closed, reconciliation registers are posted and sent to the Booking Section for check and agreement with the general books, the latter section initialling in the column provided. The registers are then submitted to the Assistant Auditor in charge, together with debit and credit, London Stores, London Invoices, and sale registers, for scrutiny and signature.

Specimen copies of the reconciliation statement are attached.

Reconciliation of Receipts for the month of .....

Abstract as per day books for month.

Abstract as per classes of R.S. for month.

Particulars of vouchers.	Perambur Depot.	Sub Depots etc.	Total.	Classes.	Perambur Depot.	Sub Depots etc.	Total.
Verification Reports.				A.			
Vendor's bills.				B.			
Returned Stores(DS8's).				C.			
Loco Workshop bills.				D.			
Engineering workshop bills.				E.			
Transfer Stores.				.			
				.			
				.			
				.			
				.			
Suspense Heads.							
H 4.	R.A.V.No.		...	Rate adjusting account.			..
H 7.	"		...	Suspense		--------	..
etc.						Special Heads.	..
		Total.				Total.	..

RECONCILIATION STATEMENT FOR THE MONTH OF .....

Vouchers.	Particulars.	Amount.
	London Stores.	
	Purchases.	
	Direct ~~Distributed~~ Purchases.	
	E.W.S.	
	" E.S.	
	" C.E.	
	" E.E.	
	" S.E.	
	Cash Debits.	
	" credits.	
	Transfers M.G. to B.G.	
	E.W.S. Sub Stores.	
	Loco Bills.	
	" Outturn statement.	
	Engineering Workshop.	

18. The annual statement of Stores Transactions is compiled in great detail, with notes thereon where necessary and submitted to the Agent.

Details of work are given in the annexed diary.

3. THE GENERAL EXPENDITURE AUDIT SECTION.

19. This section is sub-divided as follows:-

i). Capital Expenditure Sub-Section.

ii). Revenue Expenditure -do-

iii). Workshop Accounts of Loco, Engineering and Electrical Departments.

The work is done on the lines prescribed in the Railway Audit Code, the detailed instructions being laid down by a section manual.

20. The Stores and Expenditure Audit Sections are under the charge of one Assistant Auditor. This grouping is said to be due to the fact that thereby a strict scrutiny and control by one officer of all expenditure is possible, as also the workshops expenditure is dealt with in the latter section. This leads to efficient control of expenditure. The Railway Board in their recent orders in booking all expenditure separately under cash and Stores in the Registers of the Audit office, have evidently upheld this view.

21. Among the duties performed in the Expenditure Audit section are:-

1). The Audit of all Capital and Revenue Bills, Stores Bills of direct purchases, labour pay sheets of Capital and Revenue work establishments etc.

2). The maintenance of prescribed registers of expenditure.

3). The Audit of Engineering, Loco and Electrical Workshop accounts and returns.

4). The audit of land charges, suveys etc.

5). The preparation of journal entries.

6). The disposal of completion reports.

7). The scrutiny of statements connected with half yearly accounts, Authorisations Rolls, list of open Capital sanctions, statement of objectionable items etc.

22. All Capital and Mixed estimates sanctioned by the Agent, the Home Board and the Railway Board are entered in a register of Capital Sanctions, in serial number, for the official year.

No special register is maintained for Revenue Sanctions, but these are recorded in the minutes of official meetings, and posted directly from them into the subsidiary registers of expenditure.

Reconciliation with the outlay recorded in the Engineering Departmental Registers is effected by means of a return C.E.45, submitted by the District Engineers monthly to the Audit office.

23. As this section is of great importance, files relating to important questions are kept neatly and very complete, for reference and disposal. Among the files are:-

1). Sanctioned estimates - Capital. [Engineering.
[Loco.
[Revenue.

2). Progress Report and detailed statement of Capital Expenditure.

3). Completion Reports - Capital and Revenue.

4). Objectionable items statements - Capital and Revenue.

5). Results of Examination - Capital and Revenue.

6). Loco Workshop Accounts.

7). Monthly reconciliation statement - Capital.

8. Award statements, Capital.

9). Duplicate contractor's bills. - Capital and Revenue.

10). Applications for direct purchases of Stores.

General.

24. In addition to going through the work of the sections, important files and questions were gone into. The daily tappal of the sections was also regularly gone through. The following are some of the files read:-

1). file of papers relating to the transfer of the Loco Accounts Branch to the control of audit.

2). Correspondence relating to the administration report on the working of the Loco Accounts Section for 1922-23.

3). file of papers relating to the introduction of the new monthly Time sheet compilation in the workshops in placeof the daily Time Sheet compilation.

4). file of papers relating to the control of expenditure on the maintenance and renewals of Locomotives and Rolling stock.

5). Papers relating to the forecast and compilation of the Budget Estimates of the Loco Workshops.

6). Papers relating to the Rolling stock capital Estimates of the Mysore State Railway worked by the company.

7). Papers relating to the transfer of the Hubli Workshops Accounts Section to the control of audit.

-:-:-

APPENDICIES AND FORMS.

1. Notes of a discussion with Mr.Harrison, on the work of the Loco Accounts Branch.
2. Office order of the M & S M Railway to effect the transfer of Loco Accounts to Audit Control.
3. Instructions for reconciling Time Sheet with Muster Rolls in the Loco Accounts Section.
4. Circular relating to the Smithy Account.
5. Typical objection taken in audit review of expenditure on a work order.
6. Detailed diary of work.
7. Fortnightly reports sent to Auditor.

....

Appendix (1)

NOTES OF A DISCUSSION WITH MR.HARRISON ON THE METHODS AND RESULTS OF THE SYSTEM OF CONCURRENT AUDIT AND ACCOUNTS.

-:-:-:-

Mr.Harrison's views may be summed up briefly as follows:-

1. The scope of the system is comprehensive, it is not merely confined to the workshop accounts; Loco Accounts; Carriage and Wagon Department accounts are compiled by this Accounts Section. A similar system is in vogue for compiling Electrical Accounts.

2. The accounts section and the officer are located in the Workshops i.e., the Loco Superintendent's office.

3. The Accounts Section is entirely under the control of the Audit officer, and is in no way controlled by the Loco Superintendent. Formerly, the section was a part of the Loco Superintendent's office, and the Loco Superintendent frequently instructed the manner in which the Accounts had to be compiled. This irregularity has now been effectually prevented.

4. The Accounts Section carries out the compilation of accounts from initial documents, and also the audit of the initial records. There is no further audit of the accounts as compiled by this Accounts Section; in the central office only the compiled figures are received from the Accounts Section for the purpose of booking. The Muster Rolls are checked with reference to numbers and amount in the Central office. There is no further check of any kind.

5. The accounts section compiles the Time Sheets, and makes the allocation of Labour, Stores and general charges. Formerly this work was done by the Loco Superintendent's office. Irregular and incorrect allocations has thus been done away with. But the Accounts Section interferes in no way with the issue of work orders.

6. The necessity for the location of the Audit officer in the office of the Loco Superintendent is not merely the above described audit and compilation from initial documents; but it is more largely due to his being the financial assistant to the Loco Superintendent. The Audit officer is in fact more largely made use of by the Loco Superintendent in his work than by the Chief Auditor's office. The Audit officer compiles the Budget Estimates

advises on the propriety and provision of expenditure, allocation to Capital and Revenue, rates etc.

7. On a large railway, there is great necessity and great value for posting an Audit officer in the Loco Superintendent's office. The outlay to be controlled and audited is not merely large; the other work done as Financial adviser is also large. But on a small railway, like the Mysore Railway, there is no need for a whole time officer to be posted in the Loco Superintendent's office. An arrangement which would meet the needs of a small railway is to post a competent qualified Accountant on a decent pay in the Loco Superintendent's office, to be in charge of the compilation of the Loco etc Accounts. It is not merely useful but essential that the salary of the Accountant should be high enough to ensure prestige and independence. Rs.150-200 is suggested. The Accountant will be under the control of the Auditor, and the sectional Assistant Auditor, but he will work, attached to the Loco Superintendent's office, and compile all the accounts. A small staff constituting the Accounts Section, will be under the control of the Accountant as Superintendent, and will be responsible for the compilation and audit from initial documents. A properly planned routine by which the relevant initial documents, and the form and stage in which they are received from the Loco and Workshops staff, must be laid down in an office manual. The Accountant will also be responsible for compiling Budget Estimates, rolls annual statements etc for the Loco Superintendent, and be his financial adviser, but under the control even as regards such advice, of the sectional Assistant Auditor. This section, which is essential, and must be under the control of audit, would be suitable for a small railway.

8. The Assistant Auditor for a small railway will not be posted to the Loco Superintendent's office. The Assistant Auditor will be one of the staff in the Central Audit office, and the Loco Accounts Section will be one of the sections under his control. The officer will hold charge of other sections. He will exercise

constant supervision and control over the work of the accountant in the accounts section of the Loco Superintendent's office, examine the form and accuracy of the initial accounts, and so to say, carry out a test audit. To post a whole time officer is unnecessary, but the accounts section under audit is essential to prevent the irregularities in accounting, and defective control of expenditure by the Loco people.

9. As regards the results attained by the system, they have been very valuable. The above defects have now been avoided. A great economy has, in actual fact, resulted from combining all the executive acts to be accounted, systematically, under the control of an expert accounts staff under audit instruction, so that the Loco Superintendent has no manner of authority to modify or adjust an account as before. The help of the Accounts Section in the financial matters of the Loco Superintendent, has been very great.

But no system is perfect, and there are one or two points in which this system suffers. Where a foreman shows a man as working against one work order, whilst he is actually doing other job of a different work order, as for instance, a man is shown against a Departmental work order when he is doing a private work order, i.e., when the Loco man wants to falsify facts, audit staff has no manner of verifying and preventing the wrong statement, but has got to take the figures, as given by the Loco. This is the only point. But this practice, it is perhaps possible to check if not completely prevent, by detailing an 'audit inspector' to go round the works and verify the jobs on which the persons are actually at work, and thus check inaccurate statements. Another feature of the system is the necessity for tract in the relations between the Loco Superintendent and the Audit officer and his staff.

10. General. On the whole, Mr. Harrison confesses to be strongly in favour of the observations and recommendations of the workshop Accounts Committee report, and says that their new arrangement

have been made on those lines. The objections raised against the report are mainly from the discontented and protesting Loco people.

App. 2

The Madras And Southern Mahratta Railway Company Limited.
(Incorporated in England)

No.174 Perambur, 30-3-1922.

Office Order.

On and from 1st April the Loco Accounts will be transferred to the Audit Department and the clerks will be re-allotted as under:-

A memorandum detailing the arrangement of office duties is appended below for information.

Section.	No. of clerks. To be transferred to Audit.	To remain with Loco.	Remarks.
1. Expenditure	28	Nil	
11. Workshop Accounts	20 (a)	4 (b)	(a) Includes Loco cash-keeper
3. General Accounts.	14 (c)	4 (d)	(b) Tools & plant and Pass clerk
4. Rolling Stock	5 (e)	1 (f)	(c) Claims
5. Stores Accounts	20	1	(d) Statistics
6. Drivers Time	17	nil	(e) Includes 4 vacancie
7. Mileage statistics	nil	20 (g)	(f) Stationery clerk.
8. Establishment	42.	5	(g) Service Register sub-section.
Assistant Accountant	1	nil	
Vacancy			
	147 (e)	+ 34	= 181

2. The following staff now working under the Loco Fuel Officer to be transferred to Audit control.

Fuel Accounts Sub-section- 8 clerks

The fuel purchase and distribution Sub-section to remain with the Loco Department.

3. Correspondence Section:- As a provisional arrangement 2 clerks and 3 Typists to be transferred to Audit. A permanent division of staff to be made when accurate records are available to form a basis for apportionment.

4. Record section. :- The whole of the staff of this section to remain under L.S. control as a temporary arrangement it being understood that the section will be responsible for maintenance of the records of Loco Department and the Audit Department at Perambur. A permanent division of staff to be made at a later date when circumstances permit and data is available on which to make a separation.

5. Disposal of work in Accounts Branch. :-

(a) Salary bills and labour pay sheets and all accompaniments thereto to be submitted under signature of the Audit officer stationed at Perambur. The printed certificate at the foot of Salary bills to be slightly amended.

(b) Correspondence with Audit (Park Town and Rayapuram) District Loco Supdts., and other officers in regard to Gratuities Provident Fund, and Urban bank matters to be conducted by the Audit officer, the original application being countersigned by a Loco Officer

(c) The Audit Office at Perambur to communicate direct with Works Managers, Dist. Loco Superintendents and other officers as required for the purpose of obtaining or supplying information on all matters dealt with in the Loco Accounts Branch, Letters and Memoranda to be signed "for Chief Auditor & Accountant" Loco Accounts Branch.

(d) Office Notes supplying information required or asking for Loco instructions or reporting irregularities to be put up by the Audit Officer in charge in all cases where a personal discussion or enquiry will not serve the purpose equally well or where it is desirable that a record should be maintained.

(e) Procedure as to other matters not covered by the above to be settled as experience is gained under the new conditions of working.

6. The Loco & Carr: Superintendent, accepted the Chief Auditor & Accountant's proposal for allotting suitable and increased accommodation of the Audit Officers and their staff in the old Loco Bungalow provided it can be arranged to house the Drawing Office staff in the large room at the back of the Loco Superintendent's office. The Loco & Carr: Superintendent to put up proposals for improving the lighting of the large room in question etc to the Chief Engineer. In the meantime the present accommodation be continued.

7. Audit not to be responsible for dealing with technical and non-technical miscellaneous matters which do not pertain to the Accounts Branch. The Loco & Carr: Supdt., however be supplied with all figures and other informations which the Accounts Branch is in a position to supply.

Sd/- W.A.C. Thorp.
for Loco & Carr: Superintendent

App. 3

No.L.1032/6112 1st/4th May 1923.

The Loco: & Carr: Superintendent,

Perambur.

Dear Sir,

Revised form of monthly time sheet (L.M.60).

****

A new system of monthly time sheet in place of daily time sheet having been introduced in all the shops at Perambur from 26-4-1923, the daily checking of Muster rolls with the time sheets is not now possible. It is proposed to check the muster rolls weekly and tally the weekly total hours of each man with those of the time sheets, for which purpose the muster rolls are required in this office in batches as shown below and these will be returned to the Time Keeper the same day duly checked:-

Monday	..	Tyre and Wheelshop and Carriage Fitting
Tuesday	..	Carriage Building, Log and Spring Shops
Wednesday	..	Boiler, Foundry and Wagon Shops
Thursday	...	Erecting, Carr: Repair and Paint Shops
Friday	..	Yard, Smith and Millwright Shops
Saturday	..	Machine Shop.

2. I shall be glad if you will kindly issue necessary instructions to the Time Keeper to send the muster rolls as shown above to the Time Checker of this office.

3. The daily statements showing the aggregate hours for each shop may continue to be submitted as heretofore along with other vouchers as usual for daily checking with the time sheets.

Yours faithfully,

Sd./ H. M. Dwane,

Chief Auditor & Accountant.

/True Copy./

The Madras and Southern Mahratta Railway Co., Ltd.,

From

The Chief Auditor and Accountant,
Loco Accounts Branch, Perambur.

To

The Loco Works Manager,
Perambur Workshops.

Dear Sir,

Iyanavaram High Level Tank outside Perambur Workshops.

-:-:-

In enclosing herewith W.O.No.7180 of 15-8-1923 with details of charges entered on its reverse, I have to point out that the actual expenditure amounts to Rs.182-5-10, as against the estimated cost of Rs.130/- furnished in your letter No.B.61/2/2315 of 22-6-23 to Loco Superintendent i.e., an excess of Rs.52-5-10.

Will you please scrutinise the charge and let me know what the excess is due to.

Yours faithfully,

Sd/.

Chief Auditor & Accountant.

" C o p y ".

App. 6

DETAILED DIARY OF WORK.

17th Jany.24. Reported for work to Mr.W.E.Harrison, Deputy Chief Auditor.

Had a discussion on the order and points of study and the important features of the new Loco Accounts Section.

18th Jany.24. Attended the Loco Accounts Section in the Loco Superintendent'soffice at Perambur. Saw the Working arrangements of the Section. Studied the papers relating to the transfer of control of this section to audit.

19th Jany.24. (10.A.M. to 1.P.M.) Went to the Time office. Examined the arrangements for the keeping and distribution of metal tickets to labour.

20th Jany.24. S u n d a y.

21st Jany.24. Saw Mr.Buller, Assistant Auditor, Loco Accounts, and had a discussion re: the scope of work of the Loco Accounts Section. According to him, the work is generally being done as before, but the control is now vested in Audit.

Noted the work of the Time office- the posting of -- absentees lists from ticket boards, the posting of registers, the writing up of the Muster Roll, etc. Had a discussion with the Time Keeper, Mr. on the work. According to him, the work of the Time office is increasing, a lot of miscellaneous work being done for the Loco Superintendent. In fact, all questions pertaining to labourers are referred to the Time office for working up.

22nd Jany.24. Examined the work of the Expenditure Section. Accompanied the work taker on his round and noted the posting of absentees lists from the shop ticket boards.

Attended the erecting shop, and examined the work order register kept there. Noted the posting of the Time Sheet Book of labour.

Saw the work of the abstracting clerks.

23rd Jany.24. Expenditure Section. Noted the procedure for verificatio

with time office statements, Abstracting and posting the Sub ledger of labour.

Studied the file of papers relating to the Control of Expenditure, and allocation of charges of renewal, of Loco stock to Capital and Revenue.

24th Jany.24. Examined the work of the Stores Section. Noted the procedure for abstracting Stores charges against work orders and posting the Day Book. Saw the posting of the monthly sub ledgers of Labour and Stores charges of the several shops in this section.

25th Jany.24. Stores Section. Saw the register of pendencies and the register of work orders, and the use made of them.

Examined the work of the workshop Accounts Section generally.

Studied the following files of papers.

a). Papers relating to the preparation of the Capital and Programme Revenue Budget Estimates for 1923-24.

b). Papers relating to the organisation and work of the Time office, work takers etc and a note on workshop Accounts.

26th Jany.24. Noted the work of the Workshop Accounts Section. Studied the different stages of work, going through the Expenditure Section (labour), the Stores Section (stores), the Sub Ledger's Section (booking of labour and Stores) and the Workshop Accounts Section (outturn statements). Discussed with Mr.Harrison, re: the merits of the present system as regards audit of outturn statement and audit of allocation of labour charges to work orders. As regards the latter, Mr.Harrison thinks there is no proper audit of job allocation at present and has suggested the employment of Audit work inspections for verifying job allocation.

27th Jany.24. S u n d a y.

28th Jany.24. Workshop Accounts Section.-

Noted the writing up of the general charges Register of the shops, and their allocation to the different work orders.

Had a discussion with Mr.Buller, with reference to the arrangement under the old system, when the Accounts Branch was under the control of the Loco Superintendent, and the present system; and some practical difficulties; e.g. cases of doubt have to be put up by the Accounts Section and the orders of the Loco Superintendent taken on them.

29th Jany.24. Noted the writing up of the Machinery Register. This is done in the Stores Sub Section. The Completed register is sent to the Workshop Accounts Section for posting the Out-turn statement.

30th Jany.24. Noted the writing up of the outturn statement of the workshops. This work is done by several hands, each being responsible for a certain portion. The statement compiled in full is kept in the office as original, and no duplicate is prepared. The Account current is sent to the Chief Auditor's office in brief form.

31st Jany.24. Saw the work order ledgers kept in the Accounts Section. These are of very great importance because the collective outlay against individual work orders and jobs is scrutinised from these.

Examined the work of the Bill Clerk. An account of booked charges against a work order is sent to the works Manager for scrutiny and return.

1st Feby.24 Examined the work and arrangement of the Establishment Section. This is an important section. There is no separate Establishment Section for the Loco Superintendent. The file of office orders relating to the Establishment Section was studied.

2nd Feby.24. (10.AM to 1PM). Noted the work of the Driver's Time Section. Here the Time Sheets of Running Staff are prepared from journals of Drivers, received fromForeman's Sheds.

3rd Feby.24. S u n d a y.

4th Feby.24. The Drivers Time Section. Examined the posting of Form L.M.64.

Noted the compilation of subsidiary statistical docu-

cuments, sent monthly to the Loco Superintendent.

Studied some important cases of this Section.and the file of orders. Whenever difficult points arise, the facts of the case are noted by this Audit Section, and the orders of the Loco Superintendent are obtained.

5th Feby.24: The Establishment Section. - Noted the programme for the preparation of labour and running staff etc pay sheets and despatch to audit. The Workshop Pay sheets are taken up first. The office copy of these is a register itself. After pay sheet work is over, posting of rate books, preparation of clearence certificates, gratuity applications etc is taken up.

6th Feby.24. The Establishment Section. - Studied some miscellaneous files of the section, relating to the appeals of workshop staff and orders of the Loco Superintendent thereon. The staff list giving the sanctioned scale, pay etc maintained by this section, is very complete, for all the sections, shops, shed staff, etc and hence the audit against sanctioned list is very thorough.

7th Feby.24. Noted the verification of Muster Rolls from Time office with the Time Sheet totals, and the posting of the Reconciliation Register, and subsequent action taken thereon.

Went through the routine papers of the Section.

8th Feby.24. Studied files of papers relating to the transfer of the Loco Accounts Staff to Audit Control.

The inspection Report of Mr.W.E.Harisson, with particular reference to the Establishment Section. The following points are of interest:-

1. The pay etc of Loco Accounts staff is debited to Abstracts B and C.

2). The Loco Accounts staff is entirely under the control of the Chief Auditor and Accountant and look for promotions in the Audit Department.

9th Feby.24. (10AM to 1PM). Noted the gratuity, Provident Fund etc rules as

applying to Workshop employees.

Discussed with Mr.P.S.Cross on the work of the Loco Accounts Section. He thinks that even specialised cost accounting may be taken up if it was required by the Executive Departments.

Studied Budget papers relating to 1923-24.

10th Feby.24. S u n d a y.

11th Feby.24. The Establishment Section. - Studied some personal file cases of the Loco Department. Superior Cadre and also subordinate employees. Noted miscellaneous work of the Establishment Section.

12th Febry.24. Worked in the fuel Accounts Section. In this section are compiled for the whole Railway, the transactions relating to the consumption of the different kinds of fuel- Examined the monthly balance return received from out-stations and the day register kept in the office and its posting. The above returns are verified with Head Coal Checker's distribution statements.

Studied a few files relating to the Consumption of fuel on this Railway, - relating to lapses in the fuel Budget - relating to the calling of tenders for the supply of coal as per programme etc.

13th Febry. 24. The fuel Accounts Section. - Noted the return sent to the Chief Auditor's office, and the procedure for pricing the quantities.

Examined the work of the general Accounts Section. Noted the procedure for the preparation of the Capital Estimates of the Loco Department, from the authorised five yearly programme - Spetial correspondence is carried on with the Traffic Department as regards the coaching and goods vehicles stock with reference to actual requirements.

14th Febry. 24. Worked in the General Accounts Section. Examined the Revenue Expenditure Registers kept by the Revenue Accounts Sub Section. The compilation of Revenue Budget figures for the Loco Department is done here.

of ledger postings and balances. Noted the compilation of the annual statement of Stores transactions - under the new orders, this statement will hence forth be issued by the Controller of Stores.

20th Febry.24. Worked in the Accounts Sub Section. - Noted the manner of dealing with purchases - Examined verification reports for English Stores. Examined Contract registers for running contracts. These are very useful records, from which bills for supplies are audited- Noted the posting of these registers. Noted wants books and the use made of them.- Examined the Register of bills - Imprest Accounts of Gordon Woodroffe & Co., and the procedure for audit of bills etc.

21st Febry. 24. Accounts Sub Section. Treatment of Engineering Stores. Examined the monthly district P.W. Material returns received in the Audit office - the valuation of receipts and issues - Noted the compilation of advices of debits and credits-.

22nd Febry. 24. Accounts Sub Section. Examined the various registers maintained - the Register of debits to Stores, credits to Stores, Register of rates, etc Examined the Register of agreement between general and Stores Books.

Studied some miscellaneous Bills of the Stores Audit Section, relating to the supply of coal, - Went through the Government Examiner's Report of Inspection of the Controller of Stores office and noted the points raised etc

Examined the work of the Stock Verifiers and Stock verification Reports and the action taken on them.

23rd Febry.24. Went to the Expenditure Section. - Made a preliminary study of the working arrangements of thesection, which is divided into three Sub Sections.

a). The Capital, Expenditure Section.
b). The Revenue Expenditure Section.
c). The workshop Expen Accounts Section. - Studied Home Board's letters to the Agent, of two weeks. The suggestions of the Home Board to the Agent to post Accountants

under the control of audit to divisions, for better scrutiny and accounting are worth noting.

24th Febry. 24. S u n d a y.

25th Febry. 24. The Expenditure Section. - Examined the half yearly list of open Capital Sanctions, and the use made of it. - Examined the form and the annual report on the Finance Accounts of the Railway - also the report on irregularities. The Audit and Appropriation Report is modelled on that of the G.I.P.Railway, a copy of which had been obtained. I think that our Report should be drawn up on similar lines-. Studied the file of objectionable items and their disposal.

26th Febry. 24. The Expenditure Section. -Noted the treatment of joint Station and Joint Line questions.- Studied the file of papers relating to the sale, handing over and working of the Waltair - Vizag Line by the B.N.Railway. Examined the procedure for verification of schedules of Joint Stations in the Audit office.

27th Febry. 24. The Expenditure Section. Examined the Capital Works Registers, and their posting - the posting is very up to date. Audit of Capital Expenditure bills.

28th Febry. 24. The Expenditure Section. Examined the Register for reconciliation of Capital Expenditure recorded in this section, with the figures in the General Books.

29th Febry. 24. The Expenditure Section. . Examined the District allocation Registers. Expenditure in districts is intimated by District Engineeee

from the Government Examiner had been made in this matter. Mr.Jarvis said that as large funds lapsed on the M S M Railway in present years, Form D. had not been very helpful. Other questions discussed were of the inclusion of unsanctioned items in list of Capital sanctions, of the allocation of estimates on provisional basis, where doubt existed as to the propriety of the allocation, and the anomaly thus caused in watching against provision, ~~was~~ Was relieved in the afternoon.

Subramania Iyer

App. 7

Perambur, 4th Februar

To,

The Auditor,

Mysore Railways,

MYSORE.

Dear Sir,

I beg to submit herewith a brief resume of the work attended to by me, during the fortnight ending 31st January 1924.

1. I reported myself for duty to the Chief Auditor, M.S.M.Railway on the forenoon of the 17th January '24.

2. The first item of study taken up was the procedure relating to Workshop Accounts, and the organisation and work of the Loco Accounts Branch of the Chief Auditor's Office, and I have gone through in detail the work of the following Sections:-

SECTIONS.	DETAILS OF WORK.
(a) The Time Office (under the Loco Supdt's control).	Distribution of numbered tickets to labor; writing up the daily absentees list, Muster Rolls of Shops. Etc.
(b) The Expenditure Section(of the Loco Accounts Branch)	Independent compilation of absentees' list by the Time Takers. Posting up the Time sheets of labour and verification with Time Office statements. Abstracting from Time sheets Etc.
(c) The Stores Section. (of the Loco Accounts Branch).	Abstracting Stores charges against Work Orders and posting the Day Book. Writing up the monthly Sub-ledgers for labor and Stores charges of the several Shops etc.
(d) The Workshop Accounts section (of the Loco Accounts Branch).	Posting the consolidated abstract of all the Shops. Reconcilation with Muster Roll figures of labour. Distribution of General charges etc.

3. The following are among the more important of the files studied:-

(i) File of papers relating to the introduction of the new monthly Time sheet compilation in the Workshops in place of the Daily Time sheet compilation.

(ii) File of papers relating to the control of expenditure on the maintenance and renewals of locomotives and Rolling stock.

(iii) Papers relating the Forecast and compilation of the Budget estimate of the Loco Workshops.

I beg to remain,

Dear Sir,

Your most obedient servant,

Eng

Park Town,
Madras, 22nd February 1924.

To

The Auditor,
Mysore Railways,
Mysore.

Dear Sir,

I beg to submit herewith brief resume of the work attended to by me during the fortnight ending 15th February 1924.

1. The work of the following Sections were gone into, in continuation of the Sections already reported.

Section.	Details of work.
(a) The Drivers' Time Section.	Posting the Drivers' Time Registers from Drivers' Journals. Verification of statement of inaccuracies, etc.
(b) The Establishment Section.	Preparation of pay-sheets of labour, Shed Staff, Iron muster rolls, of Running Staff from Drivers' Time Registers, etc. Posting of rate books, service Registers. Disposal of Provident Fund and Gratuity applications, etc.
(c) General Accounts Section.	Preparation of Capital and Revenue Estimates of the year. Posting of Revenue expenditure Registers, and reconciliation. Dealing with statements of Rolling Stock interchanged and making out Bills etc.
(d) Full Accounts Section. Miscellaneous.	

2. The work in the Loco Accounts Branch has now been completed and from the 15th instant, the work of the Stores Audit and Expenditure Sections has been taken up.

I beg to remain,
Sir,
Your most obedient servant,

G.